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C O N F I D E N T I A L SECTION 01 OF 03 JAKARTA 002744

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TAGS: MASS MARR PREL PGOV ID

SUBJECT: ADMIRAL FALLON'S MEETING WITH DEFENSE MINISTER
JUWONO SUDARSONO

Classified By: POLITICAL OFFICER RAYMOND RICHHART. REASONS 1.4 (B) AND (D).

¶1. (C) Summary: PACOM Commander Admiral Fallon February 23 discussed with Indonesian Minister of Defense Juwono Sudarsono difficulties budget shortfalls caused for TNI's ability to respond to "natural and man-made disasters" and the GOI's procurement focus on transportation assets, which could be employed for humanitarian as well as military purposes. Juwono warned of TNI's limited absorptive capacity and consequent need to focus U.S. assistance. Admiral Fallon noted U.S. interest in concluding a Status of Forces Agreement (SOFA); Juwono was non-committal. The PACOM Commander stressed to Juwono the importance the U.S. placed on maritime security in the region and told him that the U.S. was very interested in discretely supporting cooperation among Indonesia, Malaysia and Singapore. End Summary.

Sad State of the Defense Budget

¶2. (C) PACOM Commander Admiral Fallon opened his meeting February 23 with Indonesian Defense Minister Juwono by stressing the mutual benefits of the recently normalized bilateral military relationship and sought Juwono's views on Indonesian defense priorities. Juwono lamented the state of the defense budget and how shortfalls restricted the priorities he could set. TNI's budget this year was \$2.4 billion, which represented only 49 percent of the \$5.6 billion he believed necessary to properly fund TNI at the minimum level. Of the budgeted amount, 70 percent was for personnel and basic maintenance of facilities and materiel. Because of budget shortfalls, the Army was at 70 percent readiness and the Navy and Air Force at 40 percent readiness.

He expected that for the next five to ten years TNI would experience difficulty responding to natural and man-made disasters, adding that the potential for local conflicts in Indonesia remained. He noted that of TNI's 100 battalions, only one was a medical unit. PACOM's donation in January of a fleet hospital, therefore, represented a particularly welcome augmentation of capacity.

¶3. (C) Admiral Fallon replied that the hospital donation was a "good place to start" because it added capacity for disaster assistance and would boost morale in TNI's own ranks because it gives TNI the capability to care for its injured and wounded. He noted that the U.S. could do much to assist TNI and asked about GOI's priorities for TNI. He explained that FMF had a normal lead-time of three years and would require time to reach increased levels, although his Command

and the Embassy had sought ways to accelerate the process.

Procurement Focus on Transport

¶4. (C) Juwono, referencing the "triangle" of procurement options -- strike force, transport and supplies -- said that the GOI would focus on transport, in particular ships and airplanes. Indonesia would not have the money to upgrade its "strike force" by purchasing fighters and refurbishing its submarines. Admiral Fallon noted this matched the U.S. assessment, and that he understood TNI's budget constraints. The Admiral asked the status of TNI's businesses. Joeowono responded that "not much is left of TNI businesses," many of which had collapsed during the past five years, he said, in part because of competition from privately owned firms. Juwono stated that an interagency group, with participation by the Ministry of Defense, Ministry of Finance, and Ministry of Law and Human Rights, was evaluating the military businesses. Juwono said that of the 219 identified TNI businesses -- full-fledged businesses, cooperatives and foundations -- only 6 or 7 were viable enterprises.

¶5. (C) Admiral Fallon discussed the importance of basic security and stability to the democratic process. Juwono agreed and noted that for the next ten years TNI would be one of the most important "delivery systems" to provide government services. TNI would emphasize Air Force C-130s and Navy LST craft, which were appropriate both for disaster response as well as military purposes. The "ability to do good things" remained important for TNI's role in Indonesia. Admiral Fallon noted that the U.S., too, was changing its doctrine and strategy to emphasize smaller vessels for

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littoral operations, changes that were especially relevant to Southeast Asia. He said that PACFLT Commander Roughead would visit soon to gain a better understanding of Indonesia's needs.

Training for Non-Commissioned Officers

¶6. (C) Explaining that the U.S. had found that well-trained non-commissioned officers allowed U.S. forces to do more with fewer people, Admiral Fallon introduced USMC Sergeant Major Bill Kinney, PACOM Senior Enlisted Leader, and offered that the U.S. could work with Indonesia to identify training programs for senior enlisted personnel. He suggested that training with U.S. and Indonesian NCOs side-by-side had a very high potential payoff. Juwono noted that U.S. Navy Seals currently were conducting training in a JCET. Admiral Fallon responded that the U.S. planned to continue training to assist Indonesia to develop its capability to secure the sea routes exploited by terrorists and criminals.

Limited Indonesian Absorptive Capacity

¶7. (C) Juwono stressed to Admiral Fallon that U.S. assistance should be selective, because outside help could overwhelm Indonesia and become counterproductive. Admiral Fallon agreed that the U.S. would be sensitive to this concern, noting that the U.S. wanted to make available programs the TNI could readily absorb. He added that he would give appropriate guidance to his component commanders who were primarily responsible for the conduct of US training and exercise programs. Juwono observed that not many Americans realize how influential their country has become and how overwhelming it can be, adding that the U.S. military budget is larger than those of the next fifteen combined.

Indonesian Peacekeeping Force

¶8. (C) The Ambassador asked Juwono for details behind

reports that Indonesia had plans to increase its peacekeeping capacity. Juwono said that Indonesia had undertaken peacekeeping assignments since 1956 and Indonesian troops had performed very well. Indonesia had done well in Cambodia and the GOI now wanted to build on this experience. The Ambassador noted that in Iraq and Afghanistan the U.S. had found it lacked lightly armed gendarme forces to help maintain order, and that this might be an area in which Indonesia could contribute. Juwono indicated that Indonesia could consider fielding such forces, as long as it did so under UN auspices. He did not rule out a future deployment to Afghanistan with international forces.

Status of Forces Agreement

¶9. (C) Admiral Fallon told the Minister that the U.S. was interested in concluding both a Status of Forces Agreement (SOFA) and an Article 98 Agreement with Indonesia, and asked whether the Department of Defense would have responsibility for the negotiation of these. Juwono replied that the Department of Foreign Affairs was responsible for negotiating an Article 98 Agreement. Ambassador Pascoe reminded Juwono that the U.S. and Indonesian had quickly concluded a confidential SOFA to facilitate tsunami relief efforts by

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U.S. forces, and urged that action be taken to begin talks on a permanent SOFA.

Importance of Maritime Security Efforts

¶10. (C) Admiral Fallon stressed to Juwono the importance the U.S. placed on maritime security in the region and told him that the U.S. was very interested to support discreetly cooperation among Indonesia, Malaysia and Singapore. He added that the U.S. was pleased with the coastal surveillance radar Indonesia planned to install, noting that this would be a "good foundation to build and expand on" for future cooperation. He reiterated that maritime security was a high U.S. interest. Juwono replied that that "the big problem is equipment," adding that this was not so much a problem of surveillance as the ability to respond. The Ambassador noted

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that the U.S. ICITAP program would provide training and boats for the Marine Police, which would provide some pursuit capacity.

¶11. (U) Admiral Fallon has cleared this message.
PASCOE